

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7024

BILL NUMBER: SB 493

NOTE PREPARED: Apr 3, 2013

BILL AMENDED: Apr 2, 2013

SUBJECT: Achievement Test Grant.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR: Rep. Truitt

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Common Core Standards:* This bill provides that the State Board of Education (State Board) shall conduct a review of the Common Core Standards. It provides that the State Board, with the assistance of the Department of Education (Department) and in consultation with the Education Roundtable, shall prepare a report to consider the flexibilities contained in the Common Core Multi-state Agreement to identify any supplemental standards to require in addition to the Common Core Standards. The bill provides that the Office of Management and Budget shall perform, in consultation with the Department and the State Board, a fiscal analysis of the projected cost to the state and to school corporations of the first five years of implementation of the Common Core Standards.

Performance Designation: The bill defines "academic growth" and provides for the use of academic growth in evaluating schools. It provides that not later than November 15, 2013, the State Board shall establish new categories or designations of school performance.

School Intervention: The bill provides that if the State Board enters into a contract with a special management team as part of a school intervention, the State Board may authorize the special management team to offer instruction to other grade levels that are not currently provided by the school subject to the intervention.

Achievement Grant: The bill provides to a school corporation, that has an 85% overall pass rate on achievement tests, a State Tuition Support Achievement Grant based on the number of passed achievement tests exceeding the overall 85% pass rate. It also provides to a school corporation a State Tuition Support Growth Achievement Grant based on a decrease in failed achievement tests. The bill provides to a school corporation a state tuition support grant for each pupil who passes the ISTEP examination or each high school

student who passes the required Core 40 end of course assessment in high school english, algebra, or biology, if the school corporation (including a charter school) had either an overall ISTEP and end of course assessment pass rate greater than 85% or a year over year ISTEP and end of course assessment overall pass rate increase of at least 6%.

Effective Date: (Amended) Upon passage; July 1, 2013; January 1, 2014.

Explanation of State Expenditures: (Revised) *Common Core Standards:* The bill requires the State Board with the assistance of the Department to conduct a review and prepare a report on the following:

1. The process, including public and educator engagement, that was used to develop the Common Core Standards.
2. The rigor of the Common Core Standards, as compared to Indiana's previous state academic standards.
3. The rigor of assessment designed to measure Common Core Standard, as compared to the rigor of current ISTEP assessments.
4. The status of Common Core implementation in Indiana Schools.
5. The status of Common Core Standards implementation nationally and the impact on Indiana through textbooks, college placement exams, and other products and programs.
6. Indiana's involvement and potential involvement with the governance of the Common Core Standards, including the restriction, if any, for withdrawing from the Common Core Standards.

The State Board and the Department should be able to conduct the review and prepare a report within its current resources.

The Office of Management and Budget is to perform a fiscal analysis of the projected cost to the state and to school corporations for the first 5-years of implementation of the common core standards. The analysis must include:

1. The costs that are unique to implementation of the Common Core Standards.
2. The cost resulting from efforts to raise student achievement that would have been incurred regardless of Common Core implementation.
3. The cost to Indiana if Indiana decides not to implement the Common Core Standards, including:
 - a. The cost of developing separate standards and assessments.
 - b. The costs of textbooks and other materials that are not aligned to the Common Core Standards.

The Office of Management and Budget should be able to do the fiscal analysis within its current resources.

Background: The Department of Education adopted the Common Core Standards for English/Language Arts, Literacy, and Mathematics on August 3, 2010, following approval by the State Board of Education and Indiana's Education Roundtable.

The state spent about \$29 M on the ISTEP test for FY 2012.

(Revised) *Performance Designation:* The bill specifies that the "A" through "F" grading scale is to be used to designate school performance. The State Board is to establish new performance categories or designations of school performance based on academic growth using the A-F grading scale and may not be based on a comparison of the students performance or growth compared with their peers. The State Board should be able to adopt the new performance designations within its current resources.

(Revised) *School Intervention*: Allowing a special management team to add a grade to the school they have taken over could increase the revenue for the special management team. The bill could potentially shift state tuition support from other schools to the school managed by the special management team. The bill should have no state fiscal impact.

(Revised) *Grant Programs*: The bill establishes two grant programs for school corporations, the Achievement Grant and the Growth Achievement Grant. Based only on the ISTEP and End of Course Assessment test data, the grant programs would cost about \$3.5 M annually. The number of advance placement tests with a score over 3 and International Baccalaureate Diplomas is currently unknown.

The Achievement Grant would be awarded to school corporations during a school year and would be equal to \$250 times the sum of the following:

1. The number of ISTEP and End of Course Assessment tests passed in the previous school year that exceed 85% of the number of tests taken in the previous year.
2. The number of students who received a score of 3 or higher on an advance placement test in the previous school year.
3. The number of students that completed an International Baccalaureate Diploma in the previous school year.

If 1,000 tests were taken in a school corporation during the previous school year and 900 received a passing grade, then the school corporation would qualify for \$12,500 in grants (50 tests times \$250).

The Growth Achievement Grant would be awarded to school corporations during a school year and would be equal to \$250 times the greater of zero or the difference between the following:

1. The number of achievement tests passed in the previous school year.
2. The number of achievement tests taken in the previous school year times the sum of the achievement test pass rate from two years prior plus 6% of the achievement test fail rate from two years prior.

If 1,000 tests were taken in a school corporation during the school year two years prior with 600 having a passing score, then the school corporation would receive grants in the current school year for each passing test during the prior year exceeding 624 passing tests assuming 1,000 tests were taken again [$1,000 \text{ tests} * (\text{the } 60\% \text{ pass rate plus } 6\% * \text{the } 40\% \text{ fail rate})$]. For each passing test during the current year exceeding the threshold of 624, the school corporation would receive \$250.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *See Explanation of State Expenditures.*

State Agencies Affected: Department of Education.

Local Agencies Affected: School corporations and charter schools.

Information Sources: ISTEP Website, <http://www.doe.in.gov/achievement/assessment/istep-results>

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